

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE GROUP
SPECIAL FUNDS REGULATION NO. 1

DECLASSIFIED AND APPROVED FOR
RELEASE
BY THE CENTRAL INTELLIGENCE AGENCY
DATE: 2001 I

21 October 1946 *Yam*

1.0 Purpose:

The purpose of these regulations is to provide the maximum administrative controls over obligations and expenditures of the unvouchered funds of the Central Intelligence Group compatible with operational and security requirements.

1.1 Scope:

These regulations shall apply to all transactions, domestic and overseas, involving the obligation and expenditure of unvouchered funds.

1.2 Appointment of Certifying Officers:

The Chief, Special Funds Section, shall designate one or more of the employees of the Special Funds Section as a Certifying Officer for unvouchered funds who will certify all vouchers prior to disbursement by any Agent-Cashier. Employment of an individual who is to serve as a Certifying Officer shall be accomplished through the established procedures for employment by CIG. The appointment of any Certifying Officer for unvouchered funds by designation of present employees or by new employment shall be approved by the Director, CIG. The Certifying Officer shall be required to furnish and maintain bond in the amount required by law for Certifying Officers approving expenditures of vouchered funds. The duties of the Certifying Officer shall be as follows:

(a) Examine, approve and certify all vouchers, regardless of amount, claiming reimbursement from unvouchered funds prior to payment;

(b) Examine, approve and certify all accountings for advances of unvouchered funds before credit will be given to the individual submitting the accounting;

(c) Refer to the Chief, Special Funds Section, or other appropriate officer, any question concerning the use of unvouchered funds;

(d) Perform other duties as may be assigned to him by the Chief, Special Funds Section.

1.3 Functions of Agent-Cashiers:

Appointments of Agent-Cashiers to disburse unvouchered funds shall be made by the Director, CIG. Such Agent-Cashiers shall furnish and maintain bond in the form and amount required by law, or in an additional amount as may be required by the Director, CIG. The duties of the Agent-Cashiers shall be as follows:

(a) Maintain bank accounts and disburse funds therefrom for official purposes in accordance with CIG regulations;

(b) Prior to disbursement, examine all vouchers presented for payment to establish that the voucher is properly signed, approved and certified by the Certifying Officer, and that the computations contained therein are accurate;

(c) Notwithstanding the presence of necessary approvals and certifications, bring to the attention of the Chief, Special Funds Section, or other appropriate officer, any facts which lead the Agent-Cashier to believe that the expenditure presented thereby is improper or illegal;

(d) Make advances from unvouchered funds in accordance with these regulations;

(e) Conduct such foreign exchange transactions and movements of monies as may be necessary to provide foreign currencies for official use.

PART II

2.0 General:

Unvouchered funds may be expended only in accordance with CIG regulations or necessary official confidential purposes.

2.1 Responsibility for Use of Unvouchered Funds:

(a) Unvouchered funds may be expended only for necessary official confidential purposes. Use of the funds for any other purpose is improper and unlawful, and the individual responsible for such use may be held personally liable to restore such funds to the United States Government, independently of any punishment for which he may be liable under criminal statutes;

(b) Any individual who receives, pays, or transfers unvouchered funds or approves any such action, where such receipt, payment, or transfer is contrary to the interests of the United States Government or is contrary to CIG policies and regulations, will be required to restore to the United States Government the amount thereof;

(c) Any person who submits a voucher in accordance with these regulations, which contains a false statement of a material fact, will be deemed to have submitted a fraudulent claim and the entire sum represented by such voucher will be forfeited (20 U.S.C. 279-280).

2.2 Personal Services:

Employment of persons to be paid from unvouchered funds shall be handled in accordance with the procedures established by CIG.

2.3 Travel Expenses, Per Diem and Living and Quarters Allowances:

(a) Travel expenses will be paid from unvouchered funds in the amount permitted by law and the Standardized Government Travel Regulations. No reimbursement will be made for items of expense not allowable under such regulations, and receipts will be required to be submitted prior to reimbursement. Where receipts are not obtained for security reasons, a certificate, as authorized in Section 4.4(c) of these regulations, will be furnished to the Certifying Officer;

(b) Quarters and cost of living allowances will be paid to persons paid from unvouchered funds in accordance with CIG regulations. In no case will any allowance to compensate an employee for an increased cost of living occasioned by his foreign station exceed the maximum prescribed by these regulations.

2.4 Obtaining Confidential Information:

(a) Reimbursement will be allowed for expenses incurred in obtaining confidential information for necessary official purposes, or in the reasonable expectations that such information would be forthcoming;

(b) In all cases, the voucher claiming reimbursement in connection with such expenses shall set forth the general nature of the transaction. Wherever details are omitted, or where in the opinion of the Certifying Officer the details furnished are insufficient to justify the expenditure, the Certifying Officer may require the individual claiming reimbursement, or the Branch Chief, to furnish additional information. If such details cannot be furnished in writing, they may, at the option of the Certifying Officer, be given him orally by the individual claiming reimbursement together with a written statement, approved by the Branch Chief concerned, that for security reasons written details of the transaction may not be furnished;

(c) In no event will reimbursement be allowed for expenses involved in obtaining confidential information where any of such expenses are personal to the individual claiming reimbursement, or which have resulted directly or indirectly in personal benefit or gain to the employee unless it can be demonstrated to the Branch Chief and the Certifying Officer that such expenditures were:

1. Essential to the obtaining of official confidential information;

2. Of a character not reasonably to be required to be met from personal funds;

3. Would not have been made by the individual from personal funds except for the necessity of obtaining such information.

2.5 Procurement of Supplies and Equipment:

(a) Expenses for the procurement of supplies or equipment in the continental United States will not be reimbursed from unvouchered funds unless the approval, prior to such procurement, of the Chief, Services Division, shall have been obtained and until it shall appear that such procurement will be necessary for official confidential purposes;

(b) Where supplies and equipment are procured outside the limits of the continental United States and are to be paid from unvouchered funds, approval by the Chief, Services Division, will not be required;

(c) An expenditure of unvouchered funds for the procurement of supplies and equipment in excess of \$5000.00 will not be made without the approval of the Assistant Director for the office concerned;

(d) Except as provided above, all procurement will be made through the use of vouchered funds.

PART III

ADVANCES AND ACCOUNTINGS

3.0 General:

This part establishes the procedure or channel through which advances or expenditures of unvouchered funds will be made. Every advance or expenditure will be charged to an approved project or allocation of funds.

3.1 Approval of Projects:

(a) All CIG projects involving the use of unvouchered funds must be approved by the Projects Review Committee in accordance with the provisions of CIG Administrative Order No. 23, dated 25 October 1946.

3.2 Nature and Amount of Advances:

Advances of unvouchered funds may be made for necessary official purposes where approval of such advances, as required by these regulations, has been obtained. Such advances shall not exceed the amount of reasonably foreseeable expenditures for the mission or project, or the amount which will be needed prior to the time when the employee will be able to account therefor and secure a further advance.

3.3. Approvals Required:

(a) Application for an advance from unvouchered funds for official expenses will be made on the form prescribed by the Chief, Special Funds Section. Such form will recite the amount of funds required, the purpose for which the funds will be needed, and an agreement to account therefor in accordance with applicable rules and regulations.

(b) The application must be approved by the Chief of the branch to which the individual is attached. Such application will indicate the project or allocation to which the advance of funds will be charged. If no such project or allocation of funds has been approved, the application may be approved in an amount not to exceed \$1000.00 for any one purpose by the Executive for Personnel and Administration for his branch or by the Assistant Director for the office concerned, provided the application is cleared through the Executive for Personnel and Administration for budget purposes.

3.4 When Accounting Required:

(a) An accounting for the advance must be made in accordance with those regulations as soon as practicable after fulfillment of the purpose for which the advance was made;

(b) Where, because of an individual's location or assignment an advance has been made to cover expenses during a period of more than sixty days, the individual will be required to submit partial accountings on a monthly basis showing his expenditures and funds on hand. This requirement may be waived by the Chief, Special Funds Section where it appears that such periodic accountings cannot be made without endangering security or for other good and sufficient reasons.

3.5 Form and Approval of Accountings:

(a) An accounting will be submitted as a voucher for confidential expenditures and will be signed, approved and certified as required by those regulations. On the face of the voucher, the individual will indicate that it is an accounting for an advance or advances of funds, listing such advances with the dates thereof;

(b) The accounting will be approved first by the Chief of the branch to which the accounting individual was attached at the time the advance was issued. Following such approval, it will be transmitted to the Special Funds Section;

(c) The Certifying Officer will examine the accounting and the evidence submitted in support thereof, and will determine whether the items are allowable in accordance with these regulations. He will then execute the certificate appearing on the face of the voucher, excepting any disallowed items, and will refer the accounting to the Chief, Special Funds Section, who will thereupon take appropriate action in accordance with the instructions of the Certifying Officer.

3.6 Failure to Submit Accounting:

(a) Where an individual fails or refuses to submit accountings pursuant to these regulations, he will be charged immediately with the full amount of all advances made to him for which he has not satisfactorily accounted, and action will be taken to collect the same as a debt due the United States Government;

(b) No further advance of unvouchered funds will be made to an individual who has not satisfactorily accounted within the time required by these regulations for at least ninety per cent of all sums advanced to him and outstanding against his accounts.

PART IV

4.0 Form of Vouchers:

Reimbursement for expenses consistent with these regulations will be allowed upon the due submission of properly approved vouchers in the form prescribed by the Chief, Special Funds Section.

4.1 Signature:

The voucher will be signed by the payee, who will execute the following certificate:

"I certify that the expenses itemized on this voucher were necessarily incurred by me in connection with official business of a confidential nature, and that I have not been, nor will I be, reimbursed therefor from any other source, Government or private; and that this voucher and attachments, if any, are true and correct in all respects.

4.2 Approval of Vouchers:

All vouchers will be approved, prior to submission to the Certifying Officer, by the Chief of the branch to which the payee is attached, with the project or allocation of funds to be charged indicated thereon. If no such project or allocation of funds has been approved, the voucher may be approved in an amount not to exceed \$1000.00 for any one purpose by the Executive for Personnel and Administration for his branch or by the Assistant Director for the office concerned, provided the voucher is cleared through the Executive for Personnel and Administration for budget purposes.

4.3 Certification of Vouchers:

After signature and approval of the voucher, it will be presented to the Certifying Officer who shall examine the same and shall require such further evidence in support of payments as he may deem necessary. When he shall have determined that the voucher is satisfactory, he shall execute the following statement on the face thereof:

"I certify that this voucher has been examined by me; that receipts or other substantiating data have been furnished me, or a satisfactory explanation made for the failure to furnish same; that it appears from such data that the itemized expenditures were for necessary official purposes, reimbursement for which is allowable under existing regulations; and that such expenditures are properly chargeable to available appropriations as indicated below."

4.4. Receipts Required:

(a) Receipts, memoranda, or other written records will be required to substantiate or support every item of expenditure for which reimbursement is claimed, except as noted below.

(b) Expenses of obtaining confidential information where the payee furnishes a certificate, as authorized in Section 4.4.(a), that receipts were not obtained because of the character of such payments or the identity of the person to whom they were paid, or for other good and sufficient reason as determined by the Certifying Officer.

(c) Failure to submit receipts or other written evidence in support of claimed expenses will place the burden upon the individual of proving that such evidence was not obtainable, or was not obtained or was destroyed for security reasons, and that the payment was in fact made. Wherever such receipts are not obtainable, or are not obtained or are destroyed for security reasons, the individual should anticipate meeting the burden of showing payment by obtaining corroboration from a disinterested person of the fact of payment or destruction wherever possible. The individual may be required by the Certifying Officer to give full justification for the failure to submit receipts, and he will not be entitled to withhold details of the transaction from the Certifying Officer without the express approval of the Director, CIG, in writing. In his discretion, the Certifying Officer may accept a certificate from such individual, approved by the Branch Chief concerned, to the effect that for security reasons no receipts were obtained, or that they were destroyed, as full justification for the failure to submit receipts.

PART V

5.0 Classification of Overseas Stations:

For the purposes of these regulations, any overseas mission or station at which there is located a Finance Officer (unvouchered funds Disbursing Agent) will be designated as a Class A Station. All other missions, stations, or individuals, will be designated as Class B Stations.

5.1 Class A Stations:

(a) The Chief of Mission will appoint a Certifying Officer, with the approval of the Director, CIO, to perform the duties specified in these regulations.

(b) The Chief of Mission is authorized to approve all projects chargeable to unvouchered funds allocated to the mission in accordance with the approved budget therefor, provided, however, that the anticipated cost of any one project approved by him in the field shall not exceed 20% of the unallocated funds in the total annual budget of unvouchered funds for the mission.

5.2 Class B Stations:

(a) All advances to, accountings and vouchers from, Class B Stations, relating to expenditures of unvouchered funds, will be processed to the Special Funds Section in accordance with these regulations. The Chief of Mission (or person acting in such capacity) of a Class B Station will approve all vouchers for expenditures of unvouchered funds made by the mission under his command.

PART VI

MISCELLANEOUS PROVISIONS

6.0 Forms:

In order to effect the procedures outlined in these regulations, necessary forms will be prescribed by the Chief, Special Funds Section.

6.1 Function of General Counsel:

The General Counsel will be charged with the following duties concerning the administration of unvouchered funds:

- (a) Upon the request of the Director, CIG, or other appropriate official, to render his opinion as to the legality of any payment or proposed payment;
- (b) Report to the Director, CIG, any facts tending to show the illegal or improper use of unvouchered funds;
- (c) Review periodically the administrative regulations and controls set up over unvouchered funds, and report to the Director, CIG, his opinion with respect to changes or improvements that may be made in such regulations;
- (d) Review and approve as to legal sufficiency all contracts to be paid from unvouchered funds. The term "contracts" shall specifically include, but without limitation, the following:
 1. Contracts for procurement of supplies and equipment;
 2. Employment contracts;
 3. Contracts for purchase of confidential information;
 4. Letters of Appointment.

6.2 Responsibility of Branch Chiefs:

In view of the nature of the obligations for which unvouchered funds are expended, the approval by Branch Chiefs of accountings and vouchers for expenditures must be obtained although the particular transaction may be within the scope of a previously approved project or allocation of funds. The approval by the Branch Chief constitutes a certification that the expenditure is:

- (a) Of a confidential nature;
- (b) Reasonable;
- (c) For a necessary official purpose;
- (d) Properly chargeable to the project or allocation of funds indicated on the voucher.

6.3 Delegation:

The authorities specified in these regulations, to approve advances, accountings, and vouchers will not be delegable.

6.4 Authorities of Branch Chiefs:

Within the Office or Branch concerned, the following are authorized to execute the approvals and certificates required of Branch Chiefs as prescribed by these regulations:

- (a) In the Office of Special Operations:
 1. Foreign Branch Chiefs.
 2. Chief, Training Branch.
 3. Chief, Distribution Branch.
 4. Chief, Special Projects Branch.

(b) In the Office of Operations:

1. Chief, Commercial Contacts Branch and the Chiefs of the Field Division and Analysis Division of such Branch.

(c) In the Personnel and Administration Branch:

1. Chief, Communications Division.
2. Chief, Services Division.
3. Chief, Personnel Division.
4. Chief, Security Division.
5. Chief, Projects Support Division.
6. Chief, Finance Division.

(d) In the Office of Collection and Dissemination:

1. Deputy Assistant Director.
2. Chief, Collection Branch.

(e) In the Office of Research and Evaluation:

1. Deputy Assistant Director.
2. Executive Officer.
3. Chief, Intelligence Staff.

6.5 Payments Not Covered by These Regulations:

No advance, reimbursement, or expenditure will be made from unvouchered funds which is not in accordance with these regulations without the written approval of the Director, CIG.

6.6. Amendments to Regulations:

These regulations will be amended by the Director, CIG, when deemed necessary.

6.7 Effective Date:

These regulations shall take effect 21 October 1946.

Hoyle S. Vandenberg
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Lieutenant General, USA
Director, CIG